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The Corporation Journal

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Second Income Tax Installments Due June 15

THE second installment of all income and excess profits taxes due March 15, 1919, is payable on or before June 16, 1919 (June 15 being Sunday) *without notice*. Failure to pay on or before June 16 will cause penalties and interest to accrue, and thereafter on notice and demand the whole amount of the tax unpaid becomes due and payable.

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THE POLICY OF THE CORPORATION TRUST COMPANY IN THE ORGANIZATION, QUALIFICATION, STATUTORY REPRESENTATION AND MAINTENANCE OF CORPORATIONS, IS TO DEAL EXCLUSIVELY WITH MEMBERS OF THE BAR.

The object of The Corporation Journal is to furnish corporation attorneys, and others interested, with a brief account of current happenings, recent court decisions, new laws, etc. Lengthy discussion is avoided, the purpose being to make the publication a memorandum for the busy attorney upon which he may rely for accuracy and to which he may conveniently refer. Cross references are made to preceding pages and a cumulative index is issued from time to time. The Corporation Journal is issued monthly except in July and August. It is sent without charge to those who request to be placed upon the mailing list.

THE CORPORATION JOURNAL should be kept in a binder for convenient reference. We furnish a substantial loose-leaf binder for \$1.50.

NEW YORK STATE INCOME TAX SERVICE.

In response to requests from many of our Income Tax and War Tax Service subscribers, we have arranged to institute a Service in connection with the New York State Personal and Corporation Income Tax Laws. This Service—which will be known as The New York State Income Tax Service—will have as its features the well known characteristics of our Federal Tax Services—namely: promptness, accuracy, thoroughness and convenience of arrangement.

While the New York State Personal Income Tax Act is modeled after the Federal statute, the two differ very materially in many important features and even where the wording is much the same the slight verbal changes made by the New York legislators are in some instances far reaching in their effect in the determination of taxable income. The interpretation of every provision, even though such be identical with or very similar to a like provision of the Federal law, rests entirely with the State authorities, and the interpretations of the Bureau of Internal Revenue may or may not be reflected in the regulations and decisions to be promulgated by the State's administrative officers. To know what the Federal Bureau holds is not to know what is the State's opinion and decision. Therefore, it is essential to know what the State holds in every case. The withholding and information at the source provisions of the New York Act will require watchful attention by every employer and by all other "withholding agents."

The subscription rate for this Service is \$25.00—but for the initial period subscriptions will be entered to expire *November 1, 1920.*

DOMESTIC CORPORATIONS.

CALIFORNIA.

THE DIRECTORS OF A CORPORATION ACTING AS TRUSTEES IN DISSOLUTION CANNOT VOTE THEMSELVES COMPENSATION UNLESS THEY RENDER SERVICES. The charter of the Anvil Land & Stock Company was forfeited for non-payment of taxes. The sole assets of the corporation consisted of certain real property and there were no debts. The defendants were the sole stockholders. Subsequent to the forfeiture the defendants conveyed their stock to

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one Turner who conveyed the stock to the plaintiff. The directors then proceeded to vote themselves \$350 for services in winding up the corporation. The court held they could not be compensated when it appeared that they had rendered no services. *Fratessa v. Morrissey*, 178 Pac. 303.

COLORADO.

FEATURES OF THE COLORADO CORPORATION LAWS. Colorado corporations have full power to do business in other states, may borrow money without limit as to amount and may issue stock for corporate service or property. Incorporators and directors need not be residents of the state, and both directors and stockholders meetings may be held outside the state if the charter so provides. On the other hand, corporate existence is limited to 20 years, the corporate name must include the word "corporation," "association," "company," "society incorporated," "syndicate" or one of the abbreviations, "Co., or Inc." There is no provision in the statutes for creating preferred stock, directors cannot act except at meetings duly convened, stockholders have full power to examine the books of account which must be kept in the state and stockholders owning 15% of the stock can demand a statement of the assets and liabilities of the corporation. The purpose for which a corporation is organized can not be changed without re-incorporating, but corporations may be formed for any number of purposes. The formation of corporations for the purpose of ownership of stock, bonds and securities of other corporations is expressly authorized.

COST OF ORGANIZATION IS AS FOLLOWS:

Fee to Secretary of State:

On capital stock of \$50,000 or less, \$20.

On excess over \$50,000, 20 cents on each \$1,000.

Issuing Certificate of Authority.....\$5.00

Certified copy of Charter (about)..... 4.00

The fees for filing certificate of impression of seal and Certificate of Paid Up Capital Stock (which although often neglected is usually done as a matter of precaution) is as follows:

Filing Certificate of Seal.....\$2.50

Certified Copy..... 1.50

Filing Certificate of Paid Up Stock, 5 cents per \$1,000, minimum..... 2.50

Certified copy of Certificate of Paid Up Capital Stock (about)..... 2.50

Fee to County Clerk for filing and recording (about)..... 3.00

TAXATION. An annual license tax is imposed at the rate of 10 cents on each \$1,000 of capital stock; minimum \$10. In accordance with an old ruling, the Secretary of State requires the payment of the first year's license at the time of incorporation.

PROCEDURE FOR INCORPORATION. Three or more persons, who may or may not be residents of the state, make, sign and acknowledge a certificate of incorporation and one or more duplicates. One of the certificates is filed in the office of the Recorder of Deeds in each county in which the principal business shall be carried on, and the original certificate is filed in the office of the Secretary of State who, upon the payment of the organization fees, records it and issues a Certificate

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of Authority to do business. Thereupon organization meetings may be held, after which a certificate of impression of the corporate seal may be filed in the office of the Secretary of State together with a certificate of Paid In Capital Stock, duplicates of which should also be filed in each county where business is transacted. (It is customary to file the impression of seal in the first instance, although the statutes do not specifically require an impression to be filed except upon alteration or renewal of seal. The statutes require a certificate of paid up capital stock to be filed after payment of the last instalment of capital stock; but there is no penalty for failure to do this and no provision fixing a time in which it shall be done.)

WHAT THE CORPORATION TRUST COMPANY DOES TO ASSIST ATTORNEYS IN THE INCORPORATION AND SUBSEQUENT STATUTORY MAINTENANCE OF A COLORADO CORPORATION IS BRIEFLY AS FOLLOWS: At the time of incorporation, it ascertains if the name can be used and furnishes the attorney with a complete set of forms for reference including copies of certificates of incorporation which have been approved; files and records the necessary papers and assists the attorney in every way possible in the organization.

It will draft and submit the certificate of incorporation, by-laws and incorporators' minutes and upon approval by the attorney it will furnish complete facilities for incorporation, attend to the filing of papers, the holding of the necessary meetings and return the records to him in minute book form.

Attorneys wishing to keep complete control and absolute supervision over the organization of a Colorado corporation have found it advantageous and expedient to confer with the nearest office of the Corporation Trust Company's system and to employ the services of its Colorado representatives.

Subsequent to incorporation, the Corporation Trust Company furnishes the statutory office and agent in the state upon whom service of process may be had, acts as custodian of stock record books, gives timely notice for filing state reports and keeps counsel informed of changes in statutes pertaining to the corporate status.

For foreign corporations entering Colorado it drafts for approval and submits to the attorney all documents necessary to secure authority to do business in the state. Upon approval it attends to their filing with the proper state officials. After qualification it supplies the statutory agent, notifies the attorney of all the state reports to be filed and taxes to be paid and forwards blanks for reports and tax assessments. An estimate of charges may be secured at our nearest office.

DELAWARE.

SIMILARITY BETWEEN NEW JERSEY AND DELAWARE CORPORATION LAWS. The Supreme Court of Delaware says: "It so happens that New Jersey has an incorporation law very similar to ours" and then cites New Jersey decisions as being in point in construing the Delaware corporation law. *Du Pont v. Ball*, 106 Atl. 39.

Application of this principle will be of great assistance to counsel for Delaware corporations. New Jersey is noted for its wealth of precedents on problems of corporation law and practice.

SIMILARITY OF CORPORATE NAMES. The Oklahoma Producing and Refining Company is entitled to a preliminary injunction against continuance of

the name Oklahoma Consolidated Producing and Refining Company by the defendant. The Chancellor says that the similarity of these names is such that it is probable that the public would be deceived thereby. *Oklahoma Producing and Refining Co. v. Oklahoma Consolidated Producing and Refining Co.*, 106 Atl. 38.

RIGHTS OF THE UNITED STATES AS A STOCKHOLDER. In 1912 the United States sued the Chesapeake & Delaware Canal Company to recover the amount of three dividends which had been declared on shares of its capital stock owned by the Government, in the years 1873, 1875 and 1876, payment of which had been refused when demand was made therefor in 1911. The United States Supreme Court now sustains the lower courts in rejecting a plea of the statute of limitations. This court says in effect that if the Government were asserting any rights with respect to the conduct of the corporation's affairs, its contracts or its torts, then its rights, duties and privileges would be no greater than those of any other stockholder, but it stands as creditor with respect to dividends declared and not paid. As a creditor the Government is favored as compared to other creditors, inasmuch as the statute of limitations does not apply to it. *Chesapeake & Delaware Canal Co. v. The United States* (U. S. Supreme Court, No. 192—October Term, 1918).

LIABILITY WITH RESPECT TO STOCK ISSUED WITHOUT CONSIDERATION. The Supreme Court of Delaware says: "The law of this state contemplates that stock may be issued contrary to the statute, that is, without being paid for, and if it is so issued the acceptors are made liable to the creditors of the company to the extent of its par value. * * * The law means, and practically says: Corporate stock shall not be issued without valid consideration, but if it is so issued, contrary to law, the acceptor will be bound to pay its par value if the debts of the company cannot be paid otherwise. * * * Although the Constitution of this state provides that no corporation shall issue stock, except for money paid, labor done, or personal property, etc. (article 9, sec. 3), it cannot be that directors who have issued bonus stock to themselves, or acquiesced in its issue, with full knowledge of all the circumstances, can escape the liability the law imposes by claiming that their stock was issued in violation of law. Persons who accept stock issued in violation of law, of which they had knowledge, cannot escape the liability incident to the relation of stockholders which they have with full knowledge assumed." *Du Pont v. Ball*, 106 Atl. 39.

WHAT PROCEEDING MAY BE EMPLOYED TO ENFORCE STOCKHOLDERS' LIABILITY? The Supreme Court of Delaware holds that there are now two remedies in chancery for the enforcement of stockholders' liability under Section 20 of the Delaware Act, viz. "(1) A proceeding under the Insolvency Act for collecting the assets and paying the debts of the corporation, which remedy existed prior to the passage of the statute and was the one employed in this case. (2) A proceeding by bill in chancery as prescribed by the statute; and this remedy was intended by the Legislature to be used by the creditor directly against the stockholder, and must be initiated by a creditor's bill. In the one case a bill would be filed asking for the appointment of a receiver because of insolvency, and this would probably be the procedure chosen where undoubted insolvency could be shown. In the other case the creditor would file a bill against the stockholder if he is unable to collect his claim by legal process as evidenced by a judgment and unsatisfied execution." *Du Pont v. Ball*, 106 Atl. 39.

IOWA.

FIDUCIARY RELATION OF OFFICER AND STOCKHOLDER. The plaintiff brought action against the defendant to recover the difference between the sale price of certain stock and its actual value at the time the defendant purchased it. At the time the defendant was president of the corporation. The sale of the plaintiff's stock was effected through her attorney in fact who was a director of the corporation and its secretary and manager. Following the general rule, the court stated that the knowledge of the plaintiff's agent was imputable to her and that therefore the defendant as president of the corporation was not under any duty to disclose the affairs of the corporation to the plaintiff since the defendant dealt with a director and officer of the corporation who was acting for himself and as agent for the plaintiff. The plaintiff's contention that the defendant as an officer of the corporation stood in fiduciary relation toward her as a stockholder was not of any force. The Court, in effect, distinguished *Dawson v. National Life Insurance Company*, 176 Iowa 362. The Court decided the case against the plaintiff on the ground that it was barred by the statutes limiting recovery in equitable actions to those brought within five years from the time the right of action became known. *Birks v. McNeill*, 170 N. W. 485.

KENTUCKY.

FORFEITURE OF REAL ESTATE. The Kentucky Statutes, Section 567, provide in almost the same language as the Constitution of Kentucky that no corporation shall hold or own any real property except such as may be necessary and proper for carrying on its legitimate business, for a longer period than five years, under penalty of escheat. This is an action by the Commonwealth to forfeit certain land held by the defendant corporation for a period of more than five years without employing it in the corporate business. The statute relied on has been construed by the courts, not to work a forfeiture even though the land is held more than five years without actually being used in the corporate business where it is shown that the holding of land is in anticipation of its future use for corporate purposes accompanied by an ever present intention to devote it to such use. In this case, the testimony of the president of the corporation is held to be proper evidence that such an intention existed, and, though no resolution of the board of directors confirming such an intention is shown, it is held that there is sufficient evidence that such an intention existed and that therefore no forfeiture resulted. *Commonwealth v. Mehler & Eckstenkemper Lumber Co.*, 208 S. W. 13.

MINNESOTA.

THE SHARES OF STOCK ISSUED FOR A FICTITIOUS CONSIDERATION ARE SUBJECT TO CANCELLATION AT THE SUIT OF THE BONA FIDE STOCKHOLDERS. By a series of false entries in the books of the corporation its officers attempted to issue a large block of stock for a fictitious option. In an action brought by the bona fide stockholders the trial judge made the following statement:

"This wholly fictitious transaction, conceived and executed for the purpose of robbing the honest stockholders of the corporation for the benefit of officers and

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agents in duty bound to protect them, surely cannot be given its intended effect. Neither the ingenious methods employed nor the studied efforts to conceal the fraud, continued even to the close of the trial, yet effectively exposed, are available to prevent redress."

The order of the trial court cancelling the stock issued in this fraudulent transaction was sustained not only as to the original parties but as to their transferees. *Axford v. Western Syndicate Inv. Co.*, 170 N. W. 587.

NEW YORK.

LIABILITY OF COMMITTEE FOR BOND HOLDERS. The defendants, a committee for the bond holders and creditors of the Imperial Copper Company, were held personally liable for the services of the plaintiff, which they engaged in order to obtain the data necessary to determine upon a plan of reorganization. The court held that the committee were not acting as agents of a disclosed principal, but as principals in a fiduciary capacity. *Mines Management Co. v. Close*, 174 N. Y. Supp. 80.

STOCKHOLDERS' MEETING AS CONDITION PRECEDENT TO SALE OF ASSETS. Section 16 of the Stock Corporation Law provides: "A stock corporation * * * with the consent of two-thirds of its stock may sell and convey its property, rights, privileges and franchises, or any interest therein or any part thereof, to a domestic corporation engaged in a business of the same general character. * * * Before such sale or conveyance shall be made such consent shall be obtained at a meeting of the stockholders called upon like notice as that required for an annual meeting." The Appellate Division, First Department, Justices Page and Merrell dissenting, holds that the requirement of a stockholders' meeting is a mere technicality and that such a sale may be made at a meeting of directors, if the directors voting for the proposition individually own two-thirds of the stock, and that the owners of two-thirds of the stock, without holding any meeting, can consent to the sale in writing and that a dissenting stockholder can in such cases waive the meeting and elect to stand on the sale and thereby become entitled to the relief given by Section 17 of the Stock Corporation Law. Section 17 provides as follows: "If any stockholder not voting in favor of such proposed sale or conveyance shall at such meeting, or within twenty days thereafter, object to such sale and demand payment for his stock, he may, within sixty days after such meeting, apply to the Supreme Court for the appointment of appraisers, etc." *In re Drosnes*, 175 N. Y. Supp. 628.

WASHINGTON.

SALE OF CORPORATE ASSETS AGAINST DISSENT OF MINORITY STOCKHOLDERS. Under the power granted by Rev. Code 1915, Section 3683, subdivision 3 and 7, a corporation whose purposes stated in its articles are to purchase and acquire real and personal property, and alienate the same in whole or in part to the same extent as any person, may sell all its property accepting stock in another corporation in payment therefor, notwithstanding the dissent of minority stockholders. *Logie v. Mother Lode Copper Mines Co. of Alaska*, 179 Pac. 835.

SUFFICIENCY OF NOTICE OF STOCKHOLDERS' MEETING. A stockholders' meeting is not improperly called and held because accompanying the notice of the meeting there was a letter from the president stating that the stock to be issued by a new company would be distributed to the stockholders of the corporation in question. The Supreme Court of Washington says: "Assume for the moment and for argument's sake only, that the letter was a part of the call; then it follows that the stockholders' meeting was called for two purposes: First, to consider the ratification of the contract with Birch, which contract had nothing to do with the distribution of the stock of the new company among the stockholders of the defendant corporation; and, second, such distribution of such stock.

"Clearly, then, if at the meeting the stockholders not only did not decide to distribute such stock among the stockholders of defendant corporation, but, on the contrary, expressly declared it was not their purpose to do so, the fact that this subject-matter was mentioned in the call would in no sense affect the result or validity of the action taken upon the other matter properly within the call, nor afford any cause for complaint at the hands of stockholders actually present and voting unsuccessfully in relation to that other matter. It would be a case of action taken more limited than the purposes of the call, and omitting that one purpose which it is claimed the corporation could not by such means accomplish. The purpose of the statement in the notice is to advise stockholders of the business to be brought before them and manifestly one who attends cannot complain if the action taken is within the power of the corporation and the stockholders' meeting and related to a subject-matter stated in the call." *Logie v. Mother Lode Copper Mines Co. of Alaska*, 179 Pac. 835.

FOREIGN CORPORATIONS.

NEW HAMPSHIRE.

REGULATION OF STOCK ISSUE OF A FOREIGN CORPORATION.

"Although the language of chap. 115, Laws 1915, conferring power upon the Public Service Commission to control the issuing of stock by a corporation doing business in this state is sufficiently broad to include within its provisions foreign corporations, it is not to be presumed that the Legislature intended to give the commission power to regulate the internal affairs of such corporations. * * * If the amount of its capital stock is limited by the act of incorporation, the Legislature of another state, where it happens to be engaged in business, has no power to increase or diminish the amount of stock thus fixed and established." *In re Fryeburg Water Co.* 106 Atl. 225.

NEW YORK.

DOING BUSINESS SO AS TO BE SUBJECT TO STATE JURISDICTION.

A foreign corporation soliciting and taking advertising matter through a resident of New York to be published in a foreign newspaper is not "doing business within the state" so as to enable the state courts to acquire jurisdiction over it. *Loeb v. Star & Herald Co.*, 175 N. Y. Supp. 412.

TAXATION.

IN GENERAL.

THE TWELFTH ANNUAL CONFERENCE OF THE NATIONAL TAX ASSOCIATION, originally called to be held at St. Louis, November 12, 1916, will be held at the La Salle Hotel, Chicago, in the week beginning June 16th. Information in regard to objects of the association and membership therein, may be secured from Alfred E. Holcomb, Secretary and Treasurer, 195 Broadway, New York.

REQUIREMENTS WITH RESPECT TO FEDERAL INHERITANCE TAX ARE FOUND BURDENSOME BY FOREIGN HOLDERS OF AMERICAN SECURITIES. Transfer agents of American securities, in addition to their other requirements, will not transfer stock standing in the name of a foreign decedent unless there is exhibited a receipt showing the payment of the Federal Inheritance Tax and a guaranty that such receipt covers all the estate of the deceased in the United States. In this connection it is necessary to fill out in duplicate a form entitled "Return for Estate Tax," which has to be attested by the United States Consul and the amount of the tax paid to the Collector of Internal Revenue. We are informed that this latter official has no agent in England and probably not in other countries and that the Consulate will not accept payment of the tax. An English firm which makes a large number of transfers in this country has recently stated: "We would point out in this connection that the lack of facilities in the matter of transfers from deceased holders is beginning to be seriously objected to by the market on this side, and in the case of certain Canadian securities this objection has taken the shape of a big protest to the Agent General of the State of Quebec." An article from an English newspaper states; "Quebec has imposed death duties payable by investors not only at home, but everywhere, including here, on any holdings of Quebec securities from City of Montreal stocks downward. The banks do not protest against that—the British Government has done very much the same thing—but they protest against the absence of facilities for having the stock certified in this country to show that the succession duty has been paid. Remedy is obviously required for a state of affairs under which every time stocks are sold documents have to be sent to Quebec and back for certification." Justification appears to exist for a similar protest against the requirements imposed by the United States.

NORTH CAROLINA.

EFFECT OF ASSESSMENT BY COMMISSIONER OF INTERNAL REVENUE. Revised Statutes of the United States, Section 3182, provide: "The Commissioner of Internal Revenue is hereby authorized and required to make the inquiries, determinations and assessments of all taxes and penalties imposed by this title * * * and shall certify a list of such assessments when made to the proper collectors, respectively, who shall proceed to collect and account for * * * penalties so certified." Such a list when so certified has the force and effect of a judgment and execution and in an action by the United States to recover the taxes so assessed it makes a prima facie case of liability to the Government. *National Surety Co. v. Brock*, 97 S. E. 417.

INCOME TAX.

For preceding references, see 3 Corporation Journal, page 369.

An Assistant Commissioner issues a ruling with reference to claim for refund (p. 447).

An official announcement by the Treasury Department relates to interest on Victory Liberty Loan 4 $\frac{3}{4}$ % Notes and their exemption from income tax on corporations (p. 447).

A telegram by an acting Commissioner relates to extension of time for filing returns by corporations whose business is transacted and whose books are kept abroad (p. 447).

According to a letter from the Department, compensation as special counsel received from a municipality is not exempt income (p. 447).

A letter signed by an assistant to the Commissioner relates to interest on accounts current and on deposits accruing to non-resident alien individuals and foreign partnerships and the withholding liability of debtors (p. 448).

Consolidated returns is the subject of a letter by an acting Deputy Commissioner (p. 448).

According to a telegram by the Commissioner, old ownership certificates are acceptable covering interest payments due May, 1919 (p. 448).

A telegram from the Commissioner relates to installment sales, default and inability to repossess (p. 448).

A letter from the Department relates to withholding at the source on bond interest, tax-free and otherwise (p. 449).

Taxes on profits on sale of property paid by vendee for the vendor is the subject of correspondence with the Department (p. 449).

An official announcement relates to the continued use of old ownership certificates with respect to interest due on or prior to September 1 and October 1, 1919 (p. 449).

Credits to non-resident aliens is the subject of a letter by the Commissioner (p. 450).

A Treasury decision relates to tax exemptions of Liberty Bonds and Victory Notes (p. 450).

Statement is made that it is advisable to make return even though no net income if due to deductible losses claimed (p. 451).

According to a letter by an assistant to the Commissioner, full credit for all allowable deductions is to be taken in computing net income subject to surtax (p. 452).

A letter by the Commissioner authorizes collectors to accept tentative returns, Form 1031T, when filed by corporations having a fiscal year ending January 31st and February 28th, 1919 (p. 452).

A Treasury decision relates to due date for payment of second installment of income and war profits and excess profits taxes based on calendar year returns (p. 453).

A letter by an acting Deputy Commissioner relates to obligation to render undistributed profits tax returns by corporations with fiscal years ending in 1918 (p. 453).

Announcement is made with reference to the stock dividends case before the United States Supreme Court (p. 453).

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A Treasury decision states that salaries of state officials and salaries and wages of employees of the state are not liable to income tax imposed by the Revenue Act of 1918 (p. 453).

A Treasury decision amends Article 445 of Regulations 45. This article relates to extension of time in the case of persons abroad (p. 454).

(NOTE—The page references are to our Income Tax Service, 1919, wherein the foregoing rules and regulations are printed in full.)

EXCESS PROFITS TAX

No rulings or regulations have been issued since our last report. See 3 Corporation Journal, page 370.

CAPITAL STOCK TAX.

For preceding references see 3 Corporation Journal, page 371.

Regulations No. 50 have been issued and cover tax on domestic corporations, tax on foreign corporations, tax on stock insurance companies, exemption from tax, tax on mutual insurance companies, returns to be public records, credit of former tax, doing business without payment of tax, return of tax, payment of tax, penalties, fractional part of cent, medium of payment of tax and authority for regulations (pages 615-630).

(NOTE—The page references are to our War Tax Service, 1919, wherein the foregoing rules and regulations are printed in full.)

STAMP TAXES.

For preceding references see 3 Corporation Journal, page 371.

A letter by an Acting Commissioner relates to conveyances by subsidiaries to a parent corporation for nominal consideration (p. 746).

A Treasury decision relates to collection of Stamp Tax upon premiums charged for the issuance, execution, renewal or continuance of bonds or policies (p. 746).

A telegram by the Commissioner relates to stamps to be affixed to collateral trust notes and not to trust indenture (p. 747).

A letter by a Deputy Commissioner states that no stamps are required on promissory notes secured by certificates of indebtedness issued by the Director General of Railroads (p. 747).

(NOTE—The page references are to our War Tax Service, 1919, wherein the foregoing rulings are printed in full.)

EXCISE TAXES.

For preceding references see 3 Corporation Journal, page 371.

A ruling by the Commissioner relates to consumption taxes on semi-luxuries sold by dealers (p. 921).

A letter by the Commissioner sets forth the return of unstamped toilet and medicinal articles (p. 922).

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Regulations No. 47 relate to Excise Tax on sales by the manufacturer (pages 924-943).

Regulations No. 48 relate to Excise Tax on works of art and jewelry (pages 944-955.)

Regulations No. 51 relate to Excise Tax on toilet and medicinal preparations (pages 956-963).

Regulations No. 54 relate to Excise Tax on sales by the dealer of wearing apparel, etc. (pp. 964-981).

(NOTE—The page references are to our War Tax Service 1919, wherein the foregoing rules and regulations are printed in full.)

UTILITIES AND INSURANCE.

For preceding references see 3 Corporation Journal, page 353.

Regulations No. 49 relate to the transportation tax (pages 1129 to 1156).

(NOTE—The page references are to our War Tax Service 1919, wherein the foregoing regulations are printed in full.)

ADMISSIONS AND DUES.

No rulings or regulations have been issued since our last report. See 3 Corporation Journal, page 372.

FEDERAL RESERVE.

For preceding references see 3 Corporation Journal, page 372.

Rulings of the Board relate to collection facilities of Federal Reserve banks, to stamp tax on drafts drawn against shipments from the United States, to substitution of security for acceptances in excess of 10% limit, to inspection of goods covered by bill of lading drafts and to acceptances covering domestic shipment of goods (pp. 766-767).

Opinions by the Law Department relate to acceptances covering domestic shipments of goods, to inspection of goods covered by bill of lading drafts and to war finance corporation bonds as "indismissible assets" within the meaning of the Revenue Act of 1918 (pp. 768-769).

Announcement is made that 1009 State institutions are now members of the Federal Reserve System (p. 770).

(NOTE.—The page references are to our Federal Reserve Act Service, which reports all rulings and regulations of the Federal Reserve Board.)

FEDERAL TRADE COMMISSION.

The decision of the United States Circuit Court of Appeals for the 7th Circuit in the case of *Sears, Roebuck & Company v. Federal Trade Commission* relates to the constitutional question of delegation of legislative and judicial power (pages 139 to 146).

(NOTE.—The page references are to our Federal Trade Commission Service.)

PUBLICATIONS.

The following publications may be obtained without charge from the nearest office of The Corporation Trust Company System:

NEW YORK STATE PERSONAL INCOME TAX LAW, text in full of the act passed by the Legislature, April 19, 1919, and approved by the Governor, May 14, 1919.

NEW YORK CORPORATION INCOME TAX LAW, as amended by the 1919 Legislature.

TEXT OF COVENANT OF LEAGUE OF NATIONS and address of President Wilson, including address of President to Congress, January 8, 1918, setting forth peace terms, "Fourteen Points."

WAR REVENUE ACT, 1918 is the title of our pamphlet, which contains a complete copy of the text of the new federal tax law, approved by the President February 24, 1919.

ISSUANCE, TRANSFER AND REGISTRATION OF CORPORATE STOCK is the title of a pamphlet printed to supply the demand for information on these subjects.

THE CORPORATION JOURNAL issued monthly except in July and August.

DISCUSSION OF PRACTICE AND PROCEDURE UNDER THE EXPORT TRADE ACT, issued by the Federal Trade Commission.

INCOME TAX PRIMER, prepared by the Bureau of Internal Revenue and reproduced as a supplement to the Income Tax Service, 1919, of The Corporation Trust Company.

EXCESS PROFITS TAX PRIMER, prepared by the Bureau of Internal Revenue, and reproduced as a supplement to the War Tax Service, 1918, of The Corporation Trust Company.

FEDERAL TRADE COMMISSION ACT AND THE CLAYTON ACT are reprinted from The Corporation Trust Company's Federal Trade Commission Service.

BUSINESS CORPORATIONS UNDER THE LAWS OF DELAWARE is the title of a pamphlet containing the advantages of the law, statutory requirements and forms, including a description of shares without par value. The General Corporation Laws are published in a separate booklet.

THE LAWS OF MARYLAND relating to Business Corporations are available in pamphlet form.

THE GENERAL CORPORATION ACT OF NEW JERSEY, as published by the Department of State, may be secured at any of our offices.

BUSINESS CORPORATIONS UNDER THE LAWS OF MAINE is the title of a pamphlet which contains a description of advantages of incorporation under Maine laws, features of shares without par value, statutory requirements and forms. The text of the statutes relating to business corporations is also available in a separate pamphlet.

NEW YORK NON-PAR VALUE LAW, a reprint of Corporation Journal No. 35, contains a copy of the New York non-par value law and a copy of the certificate of incorporation of the Wisconsin Edison Company, the first large company incorporated thereunder.

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EXTRACTS FROM THE STATUTES OF THE VARIOUS STATES RELATING TO THE ADMISSION OF FOREIGN BUSINESS CORPORATIONS may be had by counsel who are interested in the qualification of a particular corporation in a State or group of States. These printed statements show the documents to be filed, fees and taxes to be paid and the statutory penalties for failure to comply in the States under consideration.

SOME IMPORTANT MATTERS FOR JUNE AND JULY.

This calendar does not purport to cover general taxes or reports to other than State officials or those we have been officially advised are not required to be filed. The State Report and Tax Service maintained by The Corporation Trust Company System sends timely notice to attorneys for subscribing corporations of reports and tax matters requiring attention from time to time, furnishing information, forms, practice and rulings.

ARIZONA	Report to Corporation Commission and Registration fee during June—Domestic and Foreign Corporations.
ARKANSAS	Anti-trust Affidavit on or before August 1st—Domestic and Foreign Corporations.
CALIFORNIA	Corporation Franchise Tax due on or before first Monday in July—Domestic and Foreign Corporations.
CONNECTICUT	Income Tax due on or before August 1—Domestic and Foreign Corporations.
DELAWARE	Annual Franchise Tax due between third Tuesday in March and July 1—Domestic Corporations.
IDAHO	Annual Statement due between July 1 and September 1—Domestic and Foreign Corporations. Annual License Tax due between July 1 and September 1—Domestic and Foreign Corporations.
INDIANA	Annual Report between June 1 and July 31—Domestic Corporations. Annual Report and License Fee to Industrial Board due between July 1 and July 31—Domestic and Foreign Corporations employing five or more persons in any capacity.
IOWA	Annual Report due between the first day of July and the first day of August—Domestic and Foreign Corporations. Additional Statement due at the time of making the Annual Report in July—Foreign Corporations.
MISSISSIPPI	Annual Report to factory inspector due during July—Domestic and Foreign Corporations.
MISSOURI	Annual Statement, Registration and Anti-trust Affidavit due during July—Domestic and Foreign Corporations.
MONTANA	Annual License Tax based upon net income due between June 1 and June 15—Domestic and Foreign Corporations.

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NEBRASKA	Annual Report and Fee due during July—Foreign Corporations. Annual Report and Fee due on or before July 1—Domestic Corporations.
NEW YORK	Annual Return of net income on or before July 1 or within 30 days after the making of its report of net income to the United States for any fiscal or calendar year—Domestic and Foreign Business Corporations.
NORTH CAROLINA	Capital Stock report to determine amount of franchise tax due during July—Foreign Corporations.
NORTH DAKOTA	Corporation Report due during July—Domestic and Foreign Corporations. Annual Excise Tax Return due for year 1919 on or before August 1—Domestic and Foreign Corporations.
OHIO	Annual Report due during July—Foreign Corporations.
OKLAHOMA	Annual License Tax Report due on or before July 31—Domestic and Foreign Corporations. Annual Capital Stock Affidavit due between July 1 and August 1—Foreign Corporations.
OREGON	Annual Statement during June and on or before July 1—Domestic and Foreign Corporations. Annual License Fee due within 30 days after July 15—Domestic Corporations. License Fee due between July 1 and August 15—Foreign Corporations.
RHODE ISLAND	Corporate Excess Tax due on or before first day of July—Domestic and Foreign Corporations.
TENNESSEE	Annual Report and Franchise Tax on or before July 1—Domestic and Foreign Corporations.
UNITED STATES	Second Installment of Income Tax due June 15—Domestic and Foreign Corporations. Annual Capital Stock Return due during July—Domestic and Foreign Corporations.
WASHINGTON	License Tax on or before July 1—Domestic and Foreign Corporations.
WEST VIRGINIA	Tax Statement due on or before July 1—Domestic Corporations. Annual License Tax due on or before July 1—Domestic and Foreign Corporations. Fee to State Auditor as Attorney in Fact due on or before June 30th—Foreign and Non-Resident Domestic Corporations.

Stamp Taxes on Stock Issues and Transfers

FEDERAL STAMP TAX ON ORIGINAL ISSUE is 5 cents on each \$100 of face value, or fraction thereof, "provided, that where a certificate is issued without face value, the tax shall be 5 cents per share, unless the actual value is in excess of \$100 per share, in which case the tax shall be 5 cents on each \$100 of actual value or fraction thereof;" on sales or TRANSFERS the tax is 2 cents on each \$100 of face value or fraction thereof, "and where such shares are without par or face value, the tax shall be 2 cents on the transfer or sale or agreement to sell on each share, unless the actual value thereof is in excess of \$100 per share, in which case the tax shall be 2 cents on each \$100 of actual value or fraction thereof."

The States of NEW YORK, PENNSYLVANIA and MASSACHUSETTS also impose stamp taxes on the transfer of stock.

In addition to its many other duties, a transfer agent considers questions arising under transfer tax laws and sees that the required stamps are attached and cancelled—details which your corporate client may overlook and thereby invoke heavy statutory penalties. Our unexcelled facilities as transfer agent will be fully described upon request.

THE CORPORATION TRUST COMPANY

37 WALL STREET, NEW YORK

